

**CALIFORNIA ALTERNATIVE ENERGY AND  
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

***Request to Approve Project for SB 71 Sales and Use Tax Exclusion (STE)<sup>1</sup>***

**AMONIX, INC.  
Application No. 11-SM015**

**Monday, August 29, 2011**

Prepared By: *Cheryl Ide*

**SUMMARY**

**Applicant** – Amonix, Inc.

**Location** – Seal Beach (Orange County) and Milpitas (Santa Clara County)

**Industry** – Solar: Photovoltaic (“PV”) Manufacturing

**Project** – Expansion of Current PV Facilities

**Value of Qualified Property** – \$7,879,667

**Estimated Sales and Use Tax Exclusion Amount<sup>2</sup>** – \$638,253

**Estimated Net Benefits** – \$2,985,916

**Application Score<sup>3</sup>** –

Fiscal Benefits Points:	4,519
<u>Environmental Benefits Points:</u>	<u>1,160</u>
<b>Net Benefits Score:</b>	<b>5,678</b>

<u>Additional Benefits Points:</u>	<u>70</u>
<b>Total Score:</b>	<b>5,748</b>

**Staff Recommendation** – Approval

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<sup>1</sup> All capitalized terms not defined in this document are defined in the Program’s statute and regulations.

<sup>2</sup> This amount is calculated based on the average statewide sales tax rate of 8.1%.

<sup>3</sup> Point values in the staff summary may not add up correctly due to rounding in the Application worksheet.

**THE APPLICANT**

Amonix, Inc (“Amonix” or the “Applicant”) was incorporated in 1992 in Delaware and is headquartered in Seal Beach, California. Amonix designs, engineers and manufactures Concentrated Photovoltaic (CPV) power generation equipment and oversees its field deployment. The Applicant focuses its efforts on solar cell finishing processes, the manufacture of packaging, receiver plates, assembly of the MegaModule, and component integration.

The major shareholders (10.0% or greater) of Amonix are:

Kleiner Perkins Caufield and Byers  
MissionPoint Capital

The corporate officers of Amonix are:

Guy C. Blanchard, Senior Vice President of Sales & Corporate Development  
Michael Fitzgerald, Vice President of Finance & Administration  
Vahan Garboushian, Founder, Chairman of the Board & Chief Technology Officer  
Kenneth E. Kostock, Vice President of Field Operations  
Patrick C. McCullough, Chief Financial Officer  
Carla Pihowich, Vice President of Marketing  
Keshav Prasad, International Vice President & General Manager  
Brian Robertson, Chief Executive Officer  
Paul Russell, Senior Vice President of Engineering  
Azmat Siddiqi, Vice President of Quality

**BACKGROUND**

Amonix previously submitted application #11-SM007 for Qualified Property in the amount of \$2,278,900 and was approved by the Board on May 18, 2011. The Applicant chose to withdraw its approved application and reapply to CAEATFA after deciding to expand the project with the addition of one NPI line at the Seal Beach Facility, and three additional packaging lines and one solar cell dicing station at the Milpitas Facility (the “Facilities”).

**THE PROJECT**

Amonix is currently manufacturing its seventh generation of solar power generator systems. Amonix represents its 7700 system produces approximately 60 kilowatts of power per system. In response to rapid growth in utility-scale solar installations, Amonix has developed a capacity expansion and technology improvement plan. The Applicant has formulated a multi-tiered manufacturing strategy that includes design at its Seal Beach Facility and fabrication of its solar cell package (part of the overall system) at its Milpitas Facility.

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The Amonix Seal Beach Facility will focus on new product development, driving improvements in energy output, cost reductions and manufacturability. The facility will be used to evaluate new components which will be incorporated into Amonix’s manufacturing process in Milpitas. To support new product introduction activities and the release of new products into high volume production in Milpitas, Amonix will also develop a new product introduction line at the Seal Beach Facility.

The Milpitas Facility is part of Amonix’s planned expansion of its production capacity. It includes an expansion of a packaging line from 2 lines to 5 semi-automated lines and a solar cell dicing station, which will slice the solar cells into finished cells. Once at full capacity, the Applicant represents that the Milpitas Facility will produce systems capable of generating 150 MegaWatts per year, with plans of continual capacity expansion throughout 2012.



**Amonix 7700 MegaModule**

**ANTICIPATED COSTS OF QUALIFIED PROPERTY**

The anticipated Qualified Property purchases are listed below:

Asymtek (1 systems)	\$166,667
Stoelting Board Washer	\$230,000
Sikama Oven #4	\$100,000
Conveyers	\$250,000
Board singulation	\$200,000
Clean Room (4 rooms)	\$200,000
Wafer saw (3 saws)	\$316,000
Longhill Wafer Mounter	\$79,000
Die Ejector for Datacon	\$19,000
Solar Cell Dicing equipment	\$21,000
MPM Stencil Printer (Solar Cell Package Line #4)	\$25,000
Inline Washer (Solar Cell Package Line #4)	\$255,000
BTU Reflow Oven 1 <sup>st</sup> reflow (Solar Cell Package Line #4)	\$100,000
Datacon Cell & Diode (Solar Cell Package Line #4)	\$350,000

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Anticipated Qualified Property purchases continued:

BTU Reflow Oven 2nd reflow (Solar Cell Package Line #4)	\$100,000
Datacon Cover Glass Attach (Solar Cell Package Line #4)	\$350,000
Asymtek RTV Cowling Dispenser (Solar Cell Package Line #4)	\$170,000
Sikama Conductive Oven (Solar Cell Package Line #4)	\$100,000
Flash Tester (Solar Cell Package Line #4)	\$230,000
X-Ray (Solar Cell Package Line #4)	\$200,000
Laser Marker (Solar Cell Package Line #4)	\$80,000
Tooling & Fixtures (Solar Cell Package Line #4)	\$100,000
Phase 2 Conveyers for Automation (Solar Cell Package Line #4)	\$150,000
Substrate Singulation Automation (Solar Cell Package Line #4)	\$150,000
Wire Bonder (Solar Cell Package Line #4)	\$140,000
Clean Rooms (Solar Cell Package Line #4)	\$50,000
MPM Stencil Printer (Solar Cell Package Line #5)	\$25,000
Inline Washer (Solar Cell Package Line #5)	\$255,000
BTU Reflow Oven 1st reflow (Solar Cell Package Line #5)	\$100,000
Datacon Cell & Diode (Solar Cell Package Line #5)	\$350,000
BTU Reflow Oven 2nd reflow (Solar Cell Package Line #5)	\$100,000
Datacon Cover Glass Attach (Solar Cell Package Line #5)	\$350,000
Asymtek RTV Cowling Dispenser (Solar Cell Package Line #5)	\$170,000
Sikama Conductive Oven (Solar Cell Package Line #5)	\$100,000
Flash Tester (Solar Cell Package Line #5)	\$230,000
X-Ray (Solar Cell Package Line #5)	\$225,000
Laser Marker (Solar Cell Package Line #5)	\$80,000
Tooling & Fixtures (Solar Cell Package Line #5)	\$100,000
Phase 2 Conveyers for Automation (Solar Cell Package Line #5)	\$150,000
Substrate Singulation Automation (Solar Cell Package Line #5)	\$150,000
Wire Bonder (Solar Cell Package Line #5)	\$140,000
Clean Rooms (Solar Cell Package Line #5)	\$50,000
Datacon Cell, Diode and Coverglass (NPI Line)	\$350,000
Sikama Oven (NPI Line)	\$100,000
Vacuum Furnace (NPI Line)	\$200,000
K&S Wire bonder (NPI Line)	\$140,000
Riveting Tool (NPI Line)	\$50,000
Tracking Lab	\$100,000
FA Lab thermal chambers: 2 X	\$50,000
Shaker Table	\$80,000
6 Additional Save-on Shock Gage	\$10,000
IR imaging equipment	\$30,000
Plasma Etcher (Asher)	\$15,000
Curve Tracer (370A or Better)	\$20,000
Optical Comparator +Mounting Blocks (Optical Visual Measurement)	\$20,000
Conex Type Site Storage Sheds 5'x8' (4)	\$8,000
<b>Total</b>	<b><u>7,879,667</u></b>

*Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. At the termination of the conveyance/reconveyance agreement a finalized project equipment list will be prepared detailing the value of the Project equipment conveyed and reconveyed and detailing the actual tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variations from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons.*

## **TIMELINE**

Amonix is actively placing purchase orders for its facilities in Seal Beach and Milpitas. The new product introduction line at the Seal Beach Facility will be placed in service by the end of 2011 along with various pieces of the design and testing equipment. The Milpitas Facility plans to place the additional packaging lines in service in the third and fourth quarter of 2011, and anticipates the final line will be installed in 2012.

## **PROJECT EVALUATION**

### **NET BENEFITS**

The total cost of the Qualified Property purchases is anticipated at \$7,879,667 and the total net benefits are valued at \$2,985,916 for the Project. The Project received a Total Score of 5,748 which exceeds the required 1,000 point threshold and a total Environmental Benefits Score of 1,160 which exceeds the 100 point threshold.

- A. Fiscal Benefits (4,519 points).** The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales taxes, personal income taxes paid by the Applicant's employees, taxes paid on profits, property taxes and other indirect fiscal benefits of the Applicant which amounts to \$2,884,021 resulting in a Fiscal Benefits score of 4,519 points for the Project. The relatively large fiscal benefits score stems in significant part from the fact that the Applicant intends to purchase a large fraction (75%) of the inputs to its production process from a California supplier.
  
- B. Environmental Benefits (1,160 points).** The Project results in \$740,148 of total pollution benefits over the life of the Project resulting in an Environmental Benefits Score of 1,160 points for the Project. These benefits derive from the capacity of solar PV modules to generate electricity from alternative sources, thereby reducing the need for traditionally generated electricity.

C. **Additional Benefits (70 of 200 points)**. Applicants may earn up to 200 additional points for their Total Score. The Applicant submitted information and received 70 additional points.

1. **Permanent Jobs (30 of 40 points)**. The Applicant’s Project will support a total of 190 jobs at its Facilities. CAEATFA estimates that approximately 11 of these jobs will be attributable to a marginal increase in jobs created due to the approved STE resulting in a Permanent Jobs Score of 30 points for the Project.
2. **Construction Jobs (0 of 20 points)**. The Applicant’s Project will support a total of 10 construction jobs at the Facilities. CAEATFA estimates that approximately 1 of these jobs will be attributable to a marginal increase in jobs created due to the approved STE. Zero points were awarded because the marginal increase in jobs created does not meet the required threshold.
3. **Non-CA Environmental Benefits (40 of 40 points)**: The Applicant’s total value of out-of-state non-greenhouse gas pollution benefits are valued at \$150,189 resulting in a Non-CA Environmental Benefits Score of 40 points for the Project.

## **STATUS OF PERMITS/OTHER REQUIRED APPROVALS**

The Seal Beach and Milpitas Facilities are both currently occupied and fully permitted.

## **LEGAL QUESTIONNAIRE**

Staff reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of this Applicant.

## **CAEATFA FEES**

In accordance with CAEATFA Regulations,<sup>4</sup> the Applicant has paid CAEATFA an Application Fee of \$3,940 and will pay CAEATFA an Administrative Fee of up to \$31,518.67.

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<sup>4</sup> California Code of Regulations Title 4, Division 13, Section 10036

**RECOMMENDATION**

Staff recommends approval of Resolution No. 11-SM015 for Amonix, Inc.'s purchase of Qualified Property in an amount not to exceed \$7,879,667 anticipated to result in an approximate sales and use tax exclusion value of \$638,253.

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A TITLE  
CONVEYANCE AGREEMENT WITH AMONIX, INC.**

**August 29, 2011**

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) has received the Application of Amonix, Inc. (the “Applicant”), for financial assistance in the form of a conveyance/reconveyance of title agreement (the “Agreement”) regarding tangible personal property for the design, manufacture, production or assembly of Advanced Transportation Technologies or Alternative Source products, components, or systems (“Qualified Property”) as more particularly described in the staff summary and in the Applicant’s Application to the Authority (collectively, the “Project”); and

WHEREAS, the Applicant has requested the Authority to enter into the Agreement transferring title of Project equipment with an estimated cost not to exceed \$7,879,667 over a period of three years; and

WHEREAS, the Agreement will provide that the Applicant will, prior to any use of the Qualified Property, transfer title at no cost to the Authority from time to time as purchases of Qualified Property are made and the Authority will then transfer title back to the Applicant without having taken possession of the Qualified Property; and

WHEREAS, the Applicant believes that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Qualified Property pursuant to California Revenue and Taxation Code Section 6010.8; and

WHEREAS, approval of the terms of the Agreement and authority for the Executive Director, Deputy Executive Director, or Chair of the Authority, to execute the necessary documents to effectuate the Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Project constitutes a “project” within the meaning of Public Resources Code Section 26003(g)(2).

Section 2. The requested conveyance agreement constitutes “financial assistance” within the meaning of Public Resources Code Section 26003(e)(2).

Section 3. The Applicant is a “participating party” within the meaning of Public Resources Code Section 26003(f).

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Section 4. The Executive Director, Deputy Executive Director, or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any changes to the Project as the Executive Director shall deem appropriate, provided that the amount of the Qualified Property to be purchased may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Agreement between the Applicant and the Authority, as filed with the Authority prior to this meeting, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Applicant the Agreement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as the Authorized Signatory executing the same, may require or approve, and with particular information inserted therein in substantial conformance with the staff summary and in the Applicant’s Application to the Authority, such approval to be conclusively evidenced by the execution and delivery thereof. The Authority understands and agrees that pursuant to the terms of the Agreement, the obligations of the Applicant may, under some circumstances be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates they may deem necessary or advisable in order to consummate the Agreement and otherwise effectuate the purposes of this resolution.

Section 7. The Applicant shall assure CAEATFA that all Qualified Property conveyance pursuant to the Agreement shall be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Agreement shall only apply to Qualified Property that the Applicant certifies will be installed, maintained and operated at facilities within the State of California.

Section 9. The adoption by the Authority of this Resolution for the Applicant shall not be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to acquire, construct or operate the Project.

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement, as defined in CAEATFA Regulations Section 10035(A), is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty days if necessary.